THE ADDED VALUE OF FACILITIES MANAGEMENT CONCEPTS, FINDINGS AND PERSPECTIVES

PER ANKER JENSEN, THEO VAN DER VOORDT AND CHRISTIAN COENEN (EDITORS)
**FOREWORD**

Value is the starting point for economic thinking. Adding value and exchange of knowledge enables development and growth. EuroFM is the thought leading organization in the advancement of knowledge in FM in Europe and its application in practice, education and research. On behalf of EuroFM it is a great pleasure to introduce the book "The Added Value of Facilities Management".

Per Anker Jensen initiated the Added Value project as Chairman of the EuroFM Research Network Group in 2007 - 2008. The EuroFM research group on Added Value of FM was founded in 2009 and started with a first workshop in Copenhagen in May 2009. All together eighteen international respected researchers, professors and experts in FM representing the perspectives of seven nationalities collected and compared theories and examples of research. They discussed results of joint research activities and included their main findings in this book.

The book is aimed to contribute to the change of FM from reducing costs towards increasing quality. It is a remarkable documentation of how FM has been changing from a predominant focus on cost reductions within the last years. For example the chapters “The Start of a Nordic focus on the added value of FM” and “FM as a Value Network: Exploring relationships amongst FM stakeholders” highlight how the FM profession has increased the focus on the impacts and effects on the core business that FM supports. In addition the scope of FM research increased from service or organizational level towards the society at large level. The different conceptual models, definitions and dimensions of added value and the Key Performance Indicators that are presented in this book shed more light on the concept of Adding Value by FM. As such, this book considerably contributes to the academic body of knowledge and may support well-balanced decision making in practice, taking into account the needs and interests of different stakeholders.

Readers of this book will benefit from a deep insight in the concept, study the findings and recognize the perspectives of the added value of FM. Per Anker Jensen, Theo van der Voordt and Christian Coenen together with all the authors did a great job in developing this unique and significant publication.

On behalf of EuroFM we wish that many readers will use this excellent work result as source of information and inspiration to exchange value and knowledge and contribute to the development and growth of FM!

Ron van der Weerd
Chairman EuroFM

Antje Junghans
Chair EuroFM RNG
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ABBREVIATIONS

BSC  Balanced Scorecard (Kaplan and Norton, 1996)
B2B  Business to business
CRE  Corporate Real Estate
CREM  Corporate Real Estate Management
FM  Facilities Management = Facility Management (CEN, 2006)
HR  Human Resource
HRM  Human Resource Management
HVAC  Heating, Ventilation and Air-Conditioning
IT  Information Technology
ICT  Information and Communication Technology
KPI  Key Performance Indicator
P&O  People & Organisation (CEN, 2006)
PPP  Public-Private Partnership
RDT  Resource Dependence Theory
S&I  Space & Infrastructure (CEN, 2006)
SEM  Structural Equation Modelling
SLA  Service Level Agreement
VAM  Value Adding Management
# Part A
## Introduction

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1. BACKGROUND AND INTRODUCTION

Per Anker Jensen, Theo van der Voordt and Christian Coenen

ABSTRACT

Purpose: To explain the purpose and background of this book and introduce the three basic perspectives behind the research presented as well as the structure and editing process of the book.

Methodology: The editors shared and discussed individual contributions to this chapter, based on their own expertise, the involvement in the process leading to this book including a number of workshops, and a literature review of the development of their disciplinary fields: Facilities Management (FM), Corporate Real Estate Management (CREM) and Business to Business (B2B) Marketing.

Findings: The difference in scope between FM and CREM is that CREM has its focus on real estate as physical and economical assets utilized by an organisation, while FM has a wider service focus. The difference in scope between FM and CREM on one side and B2B marketing on the other is that FM and CREM are related to organisations’ use of built facilities and the input side of business processes, while B2B marketing can concern the sale of any product or service and is related to the output side of business processes. The fields of FM, CREM and B2B marketing can all contribute to a better understanding of the added value of FM by their particular theories and conceptual analyses, data, tools, and best practices, with a focus on respectively costs and benefits of facilities and services, alignment of corporate and public real estate to organizational objectives and organisational performance, and relationship management in market transactions.

Practical implications: The findings are used to explore interesting themes, to build up a well-structured list of contents, and as a starting point for theoretical reflections on the added value of FM, lessons learned so far, and input to the future research agenda. The chapter provides important background information to understand the following chapters in this book.

Research limitations: The chapter is mainly based on the experience and knowledge of the editors. It does not include original research but provides an introductory overview of the book.

Originality/value: This chapter takes a look behind the scenes of the making of this book and connects contributions from three different fields - FM, CREM, and B2B marketing - to shed more light on the concept of added value of FM. It serves as an introduction to the research presented in the other chapters in this book.

Keywords: NordicFM, EuroFM, Added Value, FM, CREM, B2B Marketing.
WHY THIS BOOK?

The topic of this anthology is the added value of Facilities Management (FM). The purpose is to introduce and present this topic as a new and increasingly important field of research and practice. A second aim is to influence the agenda of the FM profession to change from a predominant focus on cost reductions towards an increased focus on the impacts and effects on the core businesses that FM supports and on society at large. We want to create awareness of the topic among all relevant stakeholders. A third objective of writing this book is to contribute to a transformation of the profession towards developing a genuine knowledge and competence base.

This anthology presents a state of the art with the newest insights and most advanced thinking, new empirical findings, and best practice examples. This overview helps to uncover the diversity of theoretical perspectives, concepts and terminology, models, research methods and practical experiences. We realize and respect the complexity of the topic, but we will show ways to visualize and simplify a complex world. As such we want to clarify terminology and provide inspiration. By combining knowledge from different countries and different disciplines, we were able to identify what we know, what we still need to learn, and to outline directions for further development in research and practice (part D).

The editors and authors of the chapters are mostly researchers, but besides other researchers the book is targeted towards the FM profession as a whole. More specifically, we hope that the book will be of interest to all participants in FM conferences like the annual European Facilities Management Conference (EFMC) and in particular to reflective practitioners, researchers, teachers and advanced students in the world of FM. Furthermore, we hope that the book can provide FM professionals with understanding, arguments and examples that they can use in their dialogue with decision makers in their organisations and in political institutions.

BACKGROUND

Added value is a concept which has been used for a long time, for instance in classical economics, and it has been used in many different contexts with different meanings. However, the concept got a renaissance in a business management context during the 1990’s, particularly in marketing and product development. This was also reflected in research literature from that period as shown later in this book.

In the context of FM the concept of added value has not been so much in focus before recently. The development of FM as a new management discipline in many countries during the 1980’s and 1990’s has very much been driven by an aim to control and reduce cost by new ways of organizing and managing a number of disparate activities, which formerly had been without much management attention. With the introduction of centralisation, internal markets, benchmarking, outsourc-
ing, Service Level Agreements (SLAs) and Key Performance Indicators (KPIs), a new management regime has been introduced and in many cases with tremendous cost saving as a result.

This development has very much been influenced by globalization with increased international competition as well as privatization and liberalization of major parts of the economic activities in many countries. Together with the widespread implementation of new network based and mobile Information and Communication Technology (ICT) this has been the basis for restructuring many industries with relocation of physical production from the early industrialized countries to other parts of the world and to the creation of a new knowledge based economy in the most developed countries.

In this new situation around the change of millennium the role of FM has changed in many corporations. Controlling cost is no longer sufficient. In periods of expansion and with strong demand for new generations of a limited number of highly skilled professionals from the creative class, it is for many companies more important to attract and retain employees. Providing attractive workplaces with excellent service has become increasingly important as a primary requirement for FM. This forces FM to focus on how facilities can be managed to add value to the core business. The same applies to the changes in society towards an experience economy. The financial crisis starting in 2008 may for a period change the focus back towards cost reduction, but the underlying change to knowledge and experience economy has not changed. The new focus on sustainability and corporate social responsibility are other trends which drives FM towards a focus on added value.

One of the first manifestations of this new focus on added value in FM was the establishment of a NordicFM work group in 2006: ‘Highlight the added values for the core business provided by Facilities Management’. It was one out of the first five development projects decided by this new permanent collaboration between the national FM associations in Denmark, Norway, Sweden, Finland and Iceland. The work group was chaired by Ole Emil Malmstrøm from the Danish Facilities Management association (DFM). The members were mostly practitioners. The only researcher participating in meetings in the work group was Per Anker Jensen, Technical University of Denmark – and initiator of this book.

Alongside the above mentioned NordicFM work group Per Anker Jensen was leading a research project at the Technical University of Denmark on FM Best Practice in the Nordic Countries. The project included 36 case studies. One of the general conclusions was that there had been a change in FM from mainly focusing on cost reduction towards a higher degree of focus on adding value. By analysing 21 cases from the first phase of the research project he developed the so-called FM Value Map, which was partly inspired by strategic mapping from Balanced Scorecard (BSC) methodology (Kaplan and Norton, 2000). The FM Value Map was published together with the 36 cases in books in English and Danish (Jensen et al., 2008). It was presented and compared with other models in a paper at EFMC2009 and later in an article in the scientific journal Facilities (Jensen, 2009b and 2010a).